

Message Text

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43

ACTION XMB-07

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FM AMEMBASSY KUWAIT

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AMEMBASSY BEIRUT

USINT CAIRO

UNCLAS KUWAIT 0368

DEPT PASS EXIMBANK; BEIRUT FOR RTDO

EO 11652: NA

TAGS: BMEP BEXP KU EG

SUBJ: FINANCING FOR MAJOR VEHICLE SALE TO EGYPT

SUMMARY: KUWAITI COMPANY WISHES SUBMIT BID FOR SALE OF \$20 MILLION WORTH OF US VEHICLES TO GOE. FINANCING HAS BECOME CRITICAL FACTOR, BUT COMMERCIAL FINANCING DOES NOT APPEAR TO BE AVAILABLE. COMPANY HAS ASKED WHETHER EXIM FINANCING WOULD BE AVAILABLE. TIME IS ALSO A PROBLEM SINCE CLOSING DATE IS FEB 14. EMBASSY RECOMMENDS THAT EXIM FINANCING BE PROVIDED IF AT ALL POSSIBLE. END SUMMARY

1. YUSUF AHMAD ALGHANIM AND SONS (YAAS) HAS ASKED EMBASSY'S ASSISTANCE IN DETERMINING WHETHER EXIMBANK FINANCING COULD BE AVAILABLE IN CONNECTION WITH POTENTIAL \$20 MILLION DOLLAR SALE OF KENWORTH TRUCKS TO EGYPTIAN TRANSPORT MINISTRY. YAAS WISHES SUBMIT BID ON TENDER, AND CLOSING DATE IS FEB 14. APPARENTLY LOCAL AND/OR INTERNATIONAL COMMERCIAL FINANCING IS NOT RPT NOT AVAILABLE. YAAS AWARE THAT EXIM LOANS NOT NORMALLY AVAILABLE FOR SALES TO COUNTRIES WITH WHICH US DOES NOT HAVE FULL DIPLOMATIC RELATIONS. ON OTHER HAND COMPANY ALSO AWARE OF EXIM LOANS IN CONNECTION WITH EQUIPMENT SALES TO ALGERIA AND EGYPT.

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2. YAAS IS PROBABLY LARGEST KUWAITI TRADING COMPANY. ITS ANNUAL SALES ARE AROUND \$40 MILLION. IT IS LOCAL (IN SOME CASES REGIONAL) AGENT FOR GENERAL MOTORS, BOAC, HITACHI, PHILIPS AND SEVERAL OTHER BLUE CHIP COMPANIES. YAAS HAS MADE USE PREVIOUSLY OF BOTH EXIMBANK AND FCIA FACILITIES. IT HAS PREVIOUSLY SOLD ABOUT \$1 MILLION WORTH OF CHEVROLET VEHICLES TO EGYPT AND IS ALSO BIDDING ON ANOTHER TENDER FOR ABOUT \$7 MILLION WORTH OF DENWORTH VEHICLES. THESE SALES HAVE BEEN FINANCED BY INTERNATIONAL BANK OF WASHINGTON, DC AND WERE TO THE DELTA NILE AUTHORITY OF EGYPT.

3. TENDER AT ISSUE REQUIRES LONG TERM PAYMENT OF NO LESS THAN FIVE YEARS FROM DATE OF SHIPMENT. CENTRAL BANK OF EGYPT WILL ISSUE LETTER OF GUARANTEE.

4. COMMENT: FROM OUR VANTAGE POINT HERE, BELIEVE IT WOULD SERVE US INTERESTS IF YAAS WERE ABLE TO BID. FINANCING AND TIME ARE PROBLEMS, BUT WE HOPE EXIM CAN PROVIDE SPEEDY AND POSITIVE RESPONSE. OCCURS TO US THAT IF EXIM LOAN TO CUSTOMER (I.E. EGYPTIAN TRANSPORT MINISTRY) IS PROBLEM, PERHAPS MORE PALATABLE ALTERNATIVE WOULD BE TO LEND MONEY TO YAAS AND LET COMPANY WORK OUT PARALLEL FINANCING. IN FACT, LOAN PER SE MAY NOT BE AS IMPORTANT AS MEDIUM TERM QUARANTEE PROVIDED BY EXIMBANK. END COMMENT.

5. ACTION REQUESTED: DEPARTMENT REQUESTED ADVISE EMBASSY ASAP, HOPEFULL BEFORE FEB 10, WHETHER THERE ANY CHANCE FOR EXIM FINANCING AND IF SO WHAT STEPS YAAS OR OTHERS SHOULD TAKE TO SECURE FINANCING. WASHINGTON AGENCIES MAY WISH CONTACT KENWORTH AT PACCAR INTERNATIONAL INC., BUSINESS CENTER BUILDING PO BOX 1518, BELLEVUE, WASHINGTON 98009. TELEPHONE 206-455-0520. STOLTZFUS

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